

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORTS**

**DECEMBER 31, 2005**



# PINNOCK, ROBBINS, POSEY & RICHINS

*Certified Public Accountants • A Professional Corporation*

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April 26, 2006

To the Board of Trustees  
Salt Lake City Mosquito Abatement District

We have completed our audit of Salt Lake City Mosquito Abatement District for the year ended December 31, 2005. Salt Lake City Mosquito Abatement District is ultimately responsible for the financial condition of the District, and for the District's compliance with finance related state and federal law. The Uniform Fiscal Procedures Act outlines the fiscal responsibilities of the governing body.

The purpose of the financial statements is to report in summary form, the financial condition of the District, and the results of its operations and changes in financial condition, and to provide information to the governing body to help them satisfy their legal and political responsibilities for determining and demonstrating compliance with the various finance related state and federal law.

During our audit of the financial statements, we noted no matters involving the internal control structure and other operational matters that should be presented to the Board.

We sincerely appreciate the cooperation we received from the employees of the District during the course of the audit. It has been a pleasure working with them. We appreciate the opportunity to again serve as your auditors. If you have any questions regarding any of the matters discussed, please feel free to contact us.

*Pinnock, Robbins, Posey & Richins*

PINNOCK, ROBBINS, POSEY & RICHINS, PC

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Salt Lake City Mosquito Abatement District

We have audited the accompanying financial statements of the governmental activities and each major fund of Salt Lake City Mosquito Abatement District as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Salt Lake City Mosquito Abatement District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Salt Lake City Mosquito Abatement District as of December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2006, on our consideration of Salt Lake City Mosquito Abatement District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages five through ten is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Pinnock, Robbins, Posey & Richins*

April 26, 2006

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# **SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED DECEMBER 31, 2005**

As management of Salt Lake City Mosquito Abatement District (SLCMAD), we offer readers of the SLCMAD financial statements this narrative overview and analysis of the financial activities of SLCMAD for the fiscal year ended December 31, 2005.

### **Financial Highlights**

- The assets of SLCMAD exceeded its liabilities at the close of the most recent fiscal year by \$3,854,309 (net assets). Of this amount, \$2,313,764 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, SLCMAD's governmental funds reported combined ending fund balances of \$2,374,628. Approximately 77% of this total amount, \$1,834,628, are available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of 2005, the SLCMAD had \$540,000 in designated reserves in the Capital Projects Fund. These reserves are for the following: extra-ordinary control (\$100,000), while budgeting is done in the General Fund that would meet the need of controlling mosquitoes in Salt Lake City during an average year, certain environmental conditions or diseases might require extra aerial spraying to protect the public; vacation sick-leave and retirement (\$50,000), the SLCMAD's personnel policies provides for a buy out of unused sick-leave, vacation and compensatory time at the termination of employment; long-term facility maintenance (\$50,000), the SLCMAD's facilities are now thirteen years old, as the aging process continues large maintenance such as replacing roofs, concrete and remodeling will be required; emergency equipment/vehicle replacement (\$40,000), the SLCMAD only carries liability insurance on its vehicles, this amount could replace up to two vehicles in case of a SLCMAD-caused accident; and Old-Site remediation (\$300,000), the SLCMAD occupied its former facility location from 1946 until 1993. After that site was closed, an extensive environmental remediation took place to remove any pesticides that were left in the soil. The SLCMAD has an ongoing (thirty year) agreement with the Utah Department of Environmental Quality to monitor five ground water wells at the old site.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to SLCMAD's basic financial statements. SLCMAD's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-wide financial statements.*** The government-wide financial statements are designed to provide readers with a broad overview of SLCMAD's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of SLCMAD's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SLCMAD is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

## SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the government-wide financial statements report functions of SLCMAD that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of SLCMAD consist of mosquito abatement services.

***Fund financial statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SLCMAD, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SLCMAD are governmental funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SLCMAD maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, both of which are considered to be major funds.

SLCMAD adopts an annual appropriated budget for both of its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of SLCMAD, assets exceeded liabilities by \$3,854,309 at the close of the most recent fiscal year.

Approximately 40% of SLCMAD's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. SLCMAD uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-wide Financial Analysis (continued)**

**Net Assets**

	Governmental Activities	
	2005	2004
Current and other assets	\$ 2,547,603	\$ 2,416,748
Capital assets	<u>1,540,545</u>	<u>1,088,745</u>
Total assets	<u>\$ 4,088,148</u>	<u>\$ 3,505,493</u>
Other liabilities	\$ 215,294	\$ 179,445
Long-term liabilities outstanding	<u>18,545</u>	<u>16,307</u>
Total liabilities	<u>\$ 233,839</u>	<u>\$ 195,752</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 1,540,545	\$ 1,088,745
Unrestricted	<u>2,313,764</u>	<u>2,220,996</u>
Total net assets	<u>\$ 3,854,309</u>	<u>\$ 3,309,741</u>

The balance of unrestricted net assets (\$2,313,764) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, SLCMAD is able to report positive balances in both categories of net assets.

**Governmental activities.** Governmental activities increased Salt Lake City Mosquito Abatement District's net assets by \$544,568. This increase is consistent with the prior year.



**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Changes in Net Assets**

	Governmental Activities	
	2005	2004
Revenues:		
Program revenues:		
Charges for service	\$ -	\$ -
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues:		
Property taxes	1,613,130	1,662,204
Unrestricted investment earnings	60,570	24,609
Gain on sale of capital assets	<u>6,896</u>	<u>13,439</u>
Total revenues	<u>1,680,596</u>	<u>1,700,252</u>
Expenses:		
Administration department	630,279	594,417
Shop and equipment maintenance	130,482	134,758
Spraying department	<u>375,267</u>	<u>319,799</u>
Total expenses	<u>1,136,028</u>	<u>1,048,974</u>
Increase in net assets	544,568	651,278
Net assets - beginning	<u>3,309,741</u>	<u>2,658,463</u>
Net assets - ending	<u>\$3,854,309</u>	<u>\$ 3,309,741</u>

**Financial Analysis of the Government's Funds**

As noted earlier, SLCMAD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of SLCMAD's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SLCMAD's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, SLCMAD's governmental funds reported combined ending fund balances of \$2,374,628. Approximately 77% of this total amount or \$1,834,628 constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is designated to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

The general fund is the chief operating fund of SLCMAD. At the end of the current fiscal year, unreserved, undesignated (and total) fund balance of the general fund was \$1,567,876.

## SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The fund balance of SLCMAD's general fund increased by \$179,629 during the current fiscal year. Key factors in this growth are as follows:

- Greater than anticipated property tax and investment earnings revenues were received.
- Operating expenditures in several categories were below budget during the year.

#### **General Fund Budgetary Highlights**

During the year there was a \$99,500 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- The amount of money collected from property taxes and investment earnings was higher than expected. The budget was amended to reflect the additional revenue. The extra revenue was used, in part, to pay for increased expenditures in pesticides and aerial spraying that were needed to help reduce the mosquito species that transmit West Nile Virus.

#### **Capital Assets**

SLCMAD's investment in capital assets as of December 31, 2005 amounts to \$1,540,545 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and vehicles. The total increase in SLCMAD's investment in capital assets for the current fiscal year was \$451,800.

Major capital asset events during the current fiscal year included the following:

- SLCMAD built a new vehicle storage/fish maintenance building and two 40,000 gallon ponds for raising mosquito fish.

#### **Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land	\$ 62,738	\$ 62,738
Buildings	1,245,444	806,599
Machinery and equipment	65,989	63,918
Vehicles	166,374	151,529
Construction in progress	—	3,961
<b>TOTAL</b>	<b><u>\$ 1,540,545</u></b>	<b><u>\$ 1,088,745</u></b>

Additional information on SLCMAD's capital assets can be found in Note 4.

## SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

#### **Economic Factors and Next Year's Budget and Rates**

- The SLCMAD plans to remodel approximately 60% of its office building and add on about 2,300 square feet of new office space. The remodeling and expansion is needed to accommodate the larger work force that is needed to do the urban mosquito control dealing with West Nile Virus prevention. This project is expected to cost \$620,000.
- It is expected that West Nile Virus will be circulating along the Wasatch Front again in 2006. Depending on the severity of the epidemic, an emergency spraying could be triggered. If that scenario happens, a minimum of 35,000 acres would be treated at a cost of just under \$2.00 per acre.

#### **Requests for Information**

This financial report is designed to provide a general overview of SLCMAD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager, 2020 North Redwood Road, Salt Lake City, UT 84116.

## **BASIC FINANCIAL STATEMENTS**

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2005**

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 2,316,585
Taxes receivable	109,832
Inventories	115,704
Prepaid expenses	5,482
Capital assets not being depreciated:	
Land	62,738
Capital assets net of accumulated depreciation:	
Buildings	1,245,444
Machinery and equipment	65,989
Vehicles	<u>166,374</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,088,148</u></b>
LIABILITIES:	
Accounts payable and accrued liabilities	\$ 30,975
Contingencies	142,000
Noncurrent liabilities:	
Due within one year	42,319
Due in more than one year	<u>18,545</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 233,839</u></b>
NET ASSETS:	
Invested in capital assets, net of related debt	\$ 1,540,545
Unrestricted	<u>2,313,764</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 3,854,309</u></b>

# SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

Function/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities: Administration department Shop and equipment maintenance Spraying department	\$ 630,279	\$ -	\$ -	\$ (630,279)
	130,482	-	-	(130,482)
	<u>375,267</u>	-	-	<u>(375,267)</u>
	<u>\$ 1,136,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,136,028)</u>
TOTAL GOVERNMENTAL ACTIVITIES				
General revenues:				
Property taxes				1,613,130
Unrestricted investment earnings				60,570
Gain on sale of capital assets				<u>6,896</u>
				<u>1,680,596</u>
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
				544,568
NET ASSETS - BEGINNING				
				<u>3,309,741</u>
NET ASSETS - ENDING				
				<u>\$ 3,854,309</u>

The notes to the financial statements are an integral part of this statement.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**DECEMBER 31, 2005**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 1,367,833	\$ 948,752	\$ 2,316,585
Taxes receivable	109,832	—	109,832
Inventories	115,704	—	115,704
Prepaid expenses	<u>5,482</u>	<u>—</u>	<u>5,482</u>
TOTAL ASSETS	<u>\$ 1,598,851</u>	<u>\$ 948,752</u>	<u>\$ 2,547,603</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 30,975	\$ —	\$ 30,975
Contingencies	<u>—</u>	<u>142,000</u>	<u>142,000</u>
TOTAL LIABILITIES	<u>30,975</u>	<u>142,000</u>	<u>172,975</u>
Fund Balances:			
Unreserved, designated	—	540,000	540,000
Unreserved, undesignated	<u>1,567,876</u>	<u>266,752</u>	<u>1,834,628</u>
TOTAL FUND BALANCES	<u>1,567,876</u>	<u>806,752</u>	<u>2,374,628</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,598,851</u>	<u>\$ 948,752</u>	<u>\$ 2,547,603</u>

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

**DECEMBER 31, 2005**

Total fund balances - governmental fund types	\$ 2,374,628
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,540,545
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(60,864)</u>
Net assets of governmental activities	<u>\$ 3,854,309</u>



**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property taxes	\$ 1,613,130	\$ —	\$ 1,613,130
Investment earnings	<u>32,010</u>	<u>28,560</u>	<u>60,570</u>
TOTAL REVENUES	<u>1,645,140</u>	<u>28,560</u>	<u>1,673,700</u>
EXPENDITURES:			
Current:			
Administration department	616,268	1,546	617,814
Shop and equipment maintenance	130,988	—	130,988
Spraying department	375,267	—	375,267
Capital outlay	<u>—</u>	<u>463,763</u>	<u>463,763</u>
TOTAL EXPENDITURES	<u>1,122,523</u>	<u>465,309</u>	<u>1,587,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>522,617</u>	<u>(436,749)</u>	<u>85,868</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	(360,000)	360,000	—
Sale of capital assets	<u>17,012</u>	<u>—</u>	<u>17,012</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>(342,988)</u>	<u>360,000</u>	<u>17,012</u>
NET CHANGE IN FUND BALANCES	179,629	(76,749)	102,880
FUND BALANCES - BEGINNING	<u>1,388,247</u>	<u>883,501</u>	<u>2,271,748</u>
FUND BALANCES - ENDING	<u>\$ 1,567,876</u>	<u>\$ 806,752</u>	<u>\$ 2,374,628</u>

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 102,880
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	461,916
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets	(10,116)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>(10,112)</u>
Change in net assets of governmental activities	<u>\$ 544,568</u>

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 1,583,000	\$ 1,661,500	\$ 1,613,130	\$ (48,370)
Investment earnings	<u>9,000</u>	<u>28,000</u>	<u>32,010</u>	<u>4,010</u>
TOTAL REVENUES	<u>1,592,000</u>	<u>1,689,500</u>	<u>1,645,140</u>	<u>(44,360)</u>
EXPENDITURES:				
Current:				
Administration department:				
Salaries and wages	420,000	420,000	380,795	39,205
Payroll taxes and benefits	169,000	172,000	131,771	40,229
Travel and convention	19,000	19,000	17,371	1,629
Office supplies	35,000	35,000	29,915	5,085
Professional fees	16,500	16,500	6,300	10,200
Insurance	21,500	21,500	16,682	4,818
Board meetings	16,000	16,000	15,665	335
Miscellaneous	20,000	21,000	17,769	3,231
Shop and equipment maintenance:				
Equipment maintenance and repairs	8,000	8,000	3,794	4,206
Gasoline, fuels, and oils	10,000	10,000	8,316	1,684
Shop supplies and equipment	107,500	114,500	93,482	21,018
Building maintenance and repairs	30,000	30,000	8,909	21,091
Utilities	11,000	11,000	9,708	1,292
Miscellaneous	9,500	9,500	6,779	2,721
Spraying department:				
Spraying materials	200,000	270,000	211,002	58,998
Contracted airplane spraying	<u>153,000</u>	<u>171,500</u>	<u>164,265</u>	<u>7,235</u>
TOTAL EXPENDITURES	<u>1,246,000</u>	<u>1,345,500</u>	<u>1,122,523</u>	<u>222,977</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>346,000</u>	<u>344,000</u>	<u>522,617</u>	<u>178,617</u>
OTHER FINANCING SOURCES (USES):				
Transfers	(351,000)	(360,000)	(360,000)	-
Sale of capital assets	<u>5,000</u>	<u>16,000</u>	<u>17,012</u>	<u>1,012</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>(346,000)</u>	<u>(344,000)</u>	<u>(342,988)</u>	<u>1,012</u>
NET CHANGE IN FUND BALANCES	-	-	179,629	179,629
FUND BALANCES - BEGINNING	<u>1,388,247</u>	<u>1,388,247</u>	<u>1,388,247</u>	-
FUND BALANCES - ENDING	<u>\$ 1,388,247</u>	<u>\$ 1,388,247</u>	<u>\$ 1,567,876</u>	<u>\$ 179,629</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

# **SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2005**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Salt Lake City Mosquito Abatement District provides mosquito control by a comprehensive program of water management, source reduction, and use of mosquito fish, and larviciding and adulticiding in the Salt Lake City area.

##### **A. Reporting Entity**

In evaluating how to define the Salt Lake City Mosquito Abatement District (the District) for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit by the reporting entity was made by applying the criteria set forth in GASB statement No. 14. The basic, but not the only criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other considerations include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service, which considers whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District has no potential component units that meet the criteria set forth above. The financial statements of the District include all fund types required to be included within the financial statements under government accounting and reporting standards.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are generally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applications that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for the resources required for major capital improvements of the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# **SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **D. Reconciliation of Government-wide and Fund Financial Statements**

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenues and expense/expenditures reported on the fund financial statements and the government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements.

#### **E. Budgetary Procedures and Budgetary Accounting**

Budgetary procedures for the District have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements.

A formal budget has been adopted and used as a control device during the year.

#### **F. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

#### **G. Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for short-term interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **H. Inventories and Prepaid Items**

Tools, supplies, and insecticides classified as inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are expensed as used.

Payments made to vendors for goods or services that will benefit periods beyond December 31, 2005 are recorded as prepaid items in both government-wide and fund financial statements.

#### **I. Capital Assets**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

# SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **I. Capital Assets (continued)**

In the government-wide financial statements, fixed assets are treated as capital assets. Capital assets include land, buildings, machinery and equipment, and vehicles. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Machinery and equipment	5-10
Vehicles	7

#### **J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **K. Compensated Absences**

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used.

Employees can carry-over up to 240 hours of unused vacation from one year to the next. Employees may carry-over up to 960 hours of unused sick leave each year. After accumulation of 240 hours of sick leave, 24 hours of the yearly accrued but unpaid sick leave may be converted to vacation time at the end of each year. Upon termination, one-fourth of accrued sick leave up to 960 hours is paid to the employee. Accordingly, a liability for this amount is included in the government-wide financial statements.

#### **L. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.



## SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### **2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### **A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$461,916 difference are as follows:

Capital outlay	\$540,049
Depreciation expense	<u>(78,133)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$461,916</u>

#### **3. DEPOSITS AND INVESTMENTS**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

##### **a. Deposits**

	<u>Bank Balances</u>	<u>Book Balances</u>
Cash on deposit	\$ 28,214	\$ 16,741
TOTAL	<u>\$ 22,214</u>	<u>\$ 16,741</u>

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2005, none of the Facility's bank balances were uninsured and uncollateralized.

**COTTONWOOD HEIGHTS PARKS AND RECREATION SERVICE AREA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**b. Investments**

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury, including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "a" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses-net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of December 31, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State of Utah Public Treasurer's Investment Fund	<u>\$2,299,844</u>	<u>\$2,299,844</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate

## SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### **3. DEPOSITS AND INVESTMENTS (CONTINUED)**

negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed. As of December 31, 2005, the District's investments in the State of Utah Public Treasurer's Investment Fund were unrated.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing the risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5%-10% depending upon total dollar amount held in the portfolio.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

#### **4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 62,738	\$ -	\$ -	\$ 62,738
Construction in progress	<u>3,961</u>	<u>-</u>	<u>(3,961)</u>	<u>-</u>
Total capital assets not being depreciated	<u>66,699</u>	<u>-</u>	<u>(3,961)</u>	<u>62,738</u>
Capital assets being depreciated:				
Buildings	1,113,665	467,725	-	1,581,390
Machinery and equipment	95,411	14,687	-	110,098
Vehicles	<u>309,299</u>	<u>61,598</u>	<u>(20,982)</u>	<u>349,915</u>
Total capital assets being depreciated	<u>1,518,375</u>	<u>544,010</u>	<u>(20,982)</u>	<u>2,041,403</u>
Less accumulated depreciation for:				
Buildings	(307,066)	(28,880)	-	(335,946)
Machinery and equipment	(31,493)	(12,616)	-	(44,109)
Vehicles	<u>(157,770)</u>	<u>(36,637)</u>	<u>10,866</u>	<u>(183,541)</u>
Total accumulated depreciation	<u>(496,329)</u>	<u>(78,133)</u>	<u>10,866</u>	<u>(563,596)</u>
Total capital assets, being depreciated, net	<u>1,022,046</u>	<u>465,877</u>	<u>(10,116)</u>	<u>1,477,807</u>
CAPITAL ASSETS, NET	<u>\$ 1,088,745</u>	<u>\$ 465,877</u>	<u>\$ (14,077)</u>	<u>\$ 1,540,545</u>

# SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration department	\$ 10,485
Shop and equipment maintenance	<u>67,648</u>
TOTAL DEPRECIATION EXPENSE	<u>\$ 78,133</u>

### 5. LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 50,752</u>	<u>\$ 10,112</u>	<u>\$ —</u>	<u>\$ 60,864</u>	<u>\$ 42,319</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 50,752</u>	<u>\$ 10,112</u>	<u>\$ —</u>	<u>\$ 60,864</u>	<u>\$ 42,319</u>

### 6. EMPLOYEE RETIREMENT PLANS

**Plan Description:** The Salt Lake City Mosquito Abatement District (District) contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1(800) 365-8772.

**Funding Policy:** In the Local Governmental Noncontributory Retirement System the District is required to contribute 11.09% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The District contributions to the Noncontributory Retirement System for the years ending December 31, 2005, 2004, and 2003 were \$30,173, \$30,870, and \$24,763 respectively. The contributions were equal to the required contributions for each year.

The District's full-time employees also participate in a 401(k) plan administered by the System. The District contributions to the 401(k) plan for the years ending December 31, 2005, 2004, and 2003 were \$5,442, \$5,947, and \$5,410, respectively.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**7. DESIGNATED FUND BALANCE**

The board has elected to designate part of the Capital Projects Fund Balance to the following items:

	<u>Projects Fund</u>
Long-term facility maintenance	\$ 50,000
Extra ordinary control	100,000
Vacation, sick leave, retirement	50,000
Emergency equipment/vehicle replacement	40,000
Other contingency items	<u>300,000</u>
	<u>\$ 540,000</u>

**8. CONTINGENT LIABILITY**

The District is currently involved in environmental issues with respect to contaminants found on the old building site. During 1998, the District entered into a Stipulation and Consent Agreement with the Utah Solid and Hazardous Waste Control Board. The District will be financially responsible for all corrective action costs and for all costs related to environmental monitoring, inspecting, maintaining, and repairing any remedial systems, monitoring components, and corrective structures until project closure. Project closure shall be thirty years after closure certification. The District has engaged a consultant for providing environmental investigation and remediation consulting services. The District has established an accrued liability at December 31, 2005 amounting to \$142,000 to cover the costs.



# PINNOCK, ROBBINS, POSEY & RICHINS

*Certified Public Accountants • A Professional Corporation*

Ronald D. Robbins, CPA  
David E. Posey, CPA  
Roger O. Richins, CPA  
James R. Beaudoin, PFS, CFP, CPA  
Wade K. Watkins, CPA

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Salt Lake City Mosquito Abatement District  
Salt Lake City, Utah

We have audited the financial statements of Salt Lake City Mosquito Abatement District as of and for the year ended December 31, 2005, and have issued our report thereon dated April 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Salt Lake City Mosquito Abatement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Salt Lake City Mosquito Abatement District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management, and applicable regulatory agencies. It is not intended to be and should not be used by anyone other than these specified parties.

*Pinnock, Robbins, Posey & Richins*

April 26, 2006



# PINNOCK, ROBBINS, POSEY & RICHINS

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## INDEPENDENT AUDITORS' REPORT ON STATE OF UTAH LEGAL COMPLIANCE

To the Board of Trustees  
Salt Lake City Mosquito Abatement District  
Salt Lake City, Utah

We have audited the financial statements of Salt Lake City Mosquito Abatement District for the year ended December 31, 2005, and have issued our report thereon dated April 26, 2006. Our audit included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance

Truth in Taxation and Property Tax Limitations  
Special Districts  
Other Compliance Requirements

The District did not receive any major or nonmajor State grants during the year ended December 31, 2005.

The management of Salt Lake City Mosquito Abatement District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Salt Lake City Mosquito Abatement District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

This report is intended for the use of Salt Lake City Mosquito Abatement District's management, Board of Trustees, and applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

*Pinnock, Robbins, Posey & Richins*

April 26, 2006